

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 12825 01 OF 05 140917Z
ACTION EA-12

INFO OCT-01 EUR-12 IO-14 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 H-02 L-03 PA-02 ACDA-12 NRC-07
OES-09 SOE-02 DODE-00 DOE-15 CEQ-01 INT-05 OIC-02
/189 W

-----015822 140957Z /23

P 140859Z JUL 78

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9618

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS

USMISSION GENEVA

UNCLAS SECTION 01 OF 05 TOKYO 12825

USEEC ALSO FOR AMEMBASSY

USMTN ALSO FOR USMISSION

E.O. 11652: N/A

TAGS: EGEN, ETRD, JA

SUBJECT: PROBABLY TEXT OF FUKUDA BONN STATEMENT

1. THERE FOLLOWS PURPORTED TEXT OF STATEMENT
PRIME MINISTER FUKUDA WILL DELIVER AT BONN SUMMIT.
YOMIURI NEWSPAPER CARRIES THIS TEXT IN ITS JULY 14 EDITIONS.

ECONOMIC GROWTH, ACCOMPANIED BY CURBING OF INFLATION
(MACRO-ECONOMY)

VIEWS TOWARD THE ADVANCED NATIONS' MEASURES

IN ORDER TO QUICKEN THE TEMPO OF RECOVERY, AIMING AT ECONOMIC
GROWTH, ACCOMPANIED BY THE CURBING OF INFLATION, ONE COUNTRY'
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 12825 01 OF 05 140917Z

EFFORTS ALONE WILL BE DIFFICULT, IN VIEW OF THE DEEPENING OF
INTER-DEPENDENCE AMONG THE VARIOUS NATIONS, AND IT IS
THOUGHT NECESSARY TO TACKLE THE PROBLEM IN A MUTUALLY CO-
OPERATIVE METHOD. IT GOES WITHOUT SAYING THAT THE CONTENTS
OF THE CONCRETE MEASURES TO BE TAKEN BY THE VARIOUS NATIONS
AND THE TIMING FOR THEM SHOULD BE LEFT TO THE DECISION OF
EACH NATION, TAKING INTO CONSIDERATION THE DOMESTIC

CIRCUMSTANCES IN THE RESPECTIVE NATIONS, ESPECIALLY SUCH RESTRICTIVE CONDITIONS AS ANXIETY ABOUT INFLATION, THE INTERNATIONAL PAYMENTS IMBALANCE AND THE ACCUMULATION OF FINANCIAL DEFICITS. HOWEVER, ALL NATIONS SHOULD CARRY OUT MANAGEMENT OF POLICY SO AS TO ACHIEVE AS HIGH AN ECONOMIC GROWTH AS CAN BE SUSTAINED, AND AS FAR AS IS PERMISSIBLE UNDER THESE RESTRICTIVE CONDITIONS.

OUR COUNTRY'S RESPONSES

THE TASK FOR OUR COUNTRY, UNDER THE PRESENT INTERNATIONAL ECONOMIC SITUATION, IS TO ENDEAVOR TO REDUCE ITS CURRENT ACCOUNT SURPLUS QUICKLY. FOR THIS PURPOSE, WE THINK THAT THE BASIS IS TO ENDEAVOR FOR THE EXPANSION OF IMPORTS, THROUGH THE EXPANSION OF DOMESTIC DEMAND, FIRST OF ALL. FROM THIS VIEWPOINT, OUR COUNTRY SET THE TARGET OF SEVEN PERCENT, WHICH IS THE HIGHEST RATE AMONG THE ADVANCED NATIONS, AS THE ECONOMIC GROWTH TARGET FOR FISCAL 1978. FOR THE ATTAINMENT OF THIS TARGET, OUR COUNTRY IS TAKING A SERIES OF POSITIVE MEASURES FOR THE STIMULATION OF BUSINESS, IN BOTH THE FINANCIAL AND MONETARY FIELDS. OUR COUNTRY THINKS THAT THE ATTAINMENT OF A REAL GROWTH OF SEVEN PERCENT IN FISCAL 1978 IS POSSIBLE. HOWEVER, WE INTEND TO CONTINUE TAKING ALL POSSIBLE MEASURES, WHICH ARE REASONABLE AND APPROPRIATE, FOR THE ATTAINMENT OF THIS TARGET, IN KEEPING WITH THE ACTUAL STATE OF THE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 12825 01 OF 05 140917Z

ECONOMY.

RECENT TRENDS OF THE ECONOMY OF OUR COUNTRY

OPERATION OF THE ECONOMY IN FISCAL 1978: IN THE OPERATION OF THE ECONOMY IN FISCAL 1978, WE SET THE TARGET OF SEVEN PERCENT, WHICH IS ESPECIALLY HIGH EVEN AMONG THE ADVANCED NATIONS, AS THE TARGET FOR REAL GROWTH IN FISCAL 1978, IN ORDER TO ENSURE, INTERNALLY, THE STABILIZATION OF THE PEOPLE'S LIVELIHOOD, ESPECIALLY OF EMPLOYMENT, ABOVE EVERYTHING ELSE, AND IN ORDER TO ACHIEVE A MARKED RETRENCHMENT OF THE CURRENT ACCOUNT SURPLUS, EXTERNALLY, THROUGH THE EXPANSION OF BUSINESS, CENTERING ON DOMESTIC DEMAND.

CONCLUSION: IN THE ECONOMY OF OUR COUNTRY, THE EFFECTS OF THE POSITIVE BUSINESS-STIMULATION MEASURES, WHICH WE HAVE BEEN CARRYING OUT IN BOTH THE FINANCIAL AND MONETARY FIELDS SINCE THE END OF LAST YEAR, ARE NOW FINALLY STARTING TO APPEAR. RECENTLY, BRIGHTNESS IS COMING TO SPREAD IN THE VARIOUS FIELDS OF THE ECONOMY, GRADUALLY. IN VIEW OF THESE BRIGHT CHANGES, OUR COUNTRY IS DEEPENING ITS CONVICTION THAT IT WILL BE POSSIBLE TO ACHIEVE A REAL GROWTH RATE OF SEVEN

PERCENT IN FISCAL 1978.
INTERNATIONAL PAYMENTS PROBLEM

UNDERSTANDING OF THE PRESENT SITUATION AND VIEWS TOWARD
THE MEASURES OF THE ADVANCED NATIONS: IT IS CONSIDERED
BASICALLY NECESSARY FOR THE ADVANCED NATIONS TO SHORTEN
THE TIME OF THEIR DEFICITS TOWARD THE OIL-PRODUCING
NATIONS, AS MUCH AS POSSIBLE, THROUGH THE REDUCING OF
THEIR OIL IMPORTS FROM THE OIL-PRODUCING NATIONS, BY
ECONOMIZING ON ENERGY AND BY PROMOTING THE DEVELOPMENT OF
ALTERNATIVE ENERGY, ON THE ONE HAND, AND THROUGH THE
INCREASING OF EXPORTS TO THE OIL-PRODUCING NATIONS,
CORRESPONDING TO THE ECONOMIC DEVELOPMENT OF THE OIL-

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 TOKYO 12825 02 OF 05 140926Z
ACTION EA-12

INFO OCT-01 EUR-12 IO-14 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 L-03 H-02 PA-02 ACDA-12 NRC-07
OES-09 SOE-02 DODE-00 DOE-15 CEQ-01 INT-05 OIC-02
/189 W

-----015958 140958Z /23

P 140859Z JUL 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 9619
INFO AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS
USMISSION GENEVA

UNCLAS SECTION 02 OF 05 TOKYO 12825

PRODUCING NATIONS, ON THE OTHER HAND. IN ORDER TO OPERATE
THE WORLD ECONOMY SAFELY DURING THIS PERIOD, IT IS
IMPORTANT FOR ALL NATIONS TO OPERATE THEIR ECONOMIES WITH
MODERATION IN THE FINANCIAL, MONETARY, ENERGY AND OTHER
FIELDS, AND ESPECIALLY FOR NATIONS WHICH HAVE BIG DEFICITS
AND NATIONS WHICH HAVE BIG SURPLUSES IN THEIR INTERNATIONAL
PAYMENTS ACCOUNTS, TO MAKE EFFORTS FOR THE ADJUSTMENT OF
THEIR INTERNATIONAL PAYMENTS POSITIONS, WITH THE CO-OPERATION
OF OTHER NATIONS.

THE PRESENT STATE OF OUR COUNTRY'S INTERNATIONAL PAYMENTS
POSITION AND MEASURES TO COPE WITH THIS: WE CONSIDER THAT

THE TASK OF OUR COUNTRY, UNDER THE PRESENT INTERNATIONAL ECONOMIC SITUATION, IS TO REDUCE ITS CURRENT ACCOUNT SURPLUS QUICKLY. FOR THIS PURPOSE, OUR COUNTRY, STANDING ON THE BASIS OF ENDEAVORING FOR THE EXPANSION OF IMPORTS THROUGH THE EXPANSION OF DOMESTIC DEMAND, HAS BEEN TAKING MEASURES TO THE UTMOST POSSIBLE LIMIT TO PROMOTE IMPORTS, BY LOWERING TARIFFS IN ADVANCE, FOR FURTHER OPENING OF THE

UNCLASSIFIED

PAGE 02 TOKYO 12825 02 OF 05 140926Z

MARKET, THROUGH THE EXPANSION OF THE IMPORT FRAMEWORKS, ETC., THE FOUR-POINT MEASURES FOR THE PROMOTION OF IMPORTS, THE ESTABLISHMENT OF THE SYSTEM FOR THE LONG-TERM LOANING OF FOREIGN CURRENCIES FOR EMERGENCY IMPORTS, THE LIBERALIZATION AND SIMPLIFICATION OF EXCHANGE CONTROLS UNDER THE LEGAL SYSTEM NOW IN FORCE, ETC. IN ADDITION, IN ORDER TO HELP THESE MEASURES FROM THE SIDE, WE HAVE ALSO BEEN REQUESTING SELF-RESTRAINT ON EXPORTS, ETC., SO THAT EXPORTS IN 1978 WILL REMAIN GENERALLY ON THE SAME LEVEL AS IN THE PRECEDING YEAR, IN QUANTITY.

ALSO, FOR THE EXPANSION OF THE WORLD MARKET AND FOR THE FURTHER PROMOTION OF LIBERALIZATION, OUR COUNTRY HAS BEEN TACKLING THE TOKYO ROUND NEGOTIATIONS IN A POSITIVE WAY. WE HAVE ALSO DECIDED TO TACKLE THE TASK OF CONDUCTING AN OVERALL REVIEW OF THE FOREIGN EXCHANGE LAW AND THE FOREIGN INVESTMENT LAW SYSTEM, NOW IN FORCE.

THROUGH THE EFFECTS OF THESE MEASURES, AND ALSO THROUGH THE EFFECTS OF THE RECENT APPRECIATION OF THE YEN ON EXPORTS AND IMPORTS, IT IS EXPECTED THAT SIGNS OF A CHANGE IN THE CURRENT OF OUR COUNTRY'S CURRENT ACCOUNT IN THE DIRECTION OF A RETRENCHMENT OF THE SURPLUS WILL COME TO APPEAR BY THIS AUTUMN, IF THE INTERNATIONAL CURRENCY SITUATION MOVES STABLY, AND IF THE CURBING OF INFLATION IN OTHER MAIN NATIONS IS REALIZED.

STILL FURTHER, OUR COUNTRY IS ALSO PROMOTING, AT THE SAME TIME, THE DOUBLING OF ITS ECONOMIC CO-OPERATION, THE UNTYING OF AID, AND THE FLOATING OF YEN-DENOMINATION FOREIGN BONDS. THROUGH THE EFFECTS OF THESE MEASURES, THE LONG-TERM CAPITAL ACCOUNT IS EXPECTED TO CONTINUE TO SHOW LARGE-SCALE OUTFLOWS, AND IT IS THOUGHT THAT IMPROVE

UNCLASSIFIED

PAGE 03 TOKYO 12825 02 OF 05 140926Z

MENT WILL ALSO BE SEEN IN THE FIELD OF THE BASIC ACCOUNT.

CURRENCY

UNDERSTANDING OF THE PRESENT SITUATION AND VIEWS TOWARD
THE MEASURES OF THE ADVANCED NATIONS

IN ORDER TO RESTORE CONFIDENCE IN THE FUTURE OF THE WORLD
ECONOMY AND IN ORDER TO ACHIEVE SUSTAINED GROWTH, THE
STABILIZATION OF THE INTERNATIONAL CURRENCY
SITUATION, ESPECIALLY THE STABILIZATION OF THE DOLLAR,
WHICH IS THE KEY CURRENCY, IS EXTREMELY IMPORTANT. FOR THE
STABILIZATION OF THE INTERNATIONAL CURRENCY SITUATION, WE
THINK THAT IT IS NECESSARY FOR AMERICA, FIRST OF ALL, TO
TACKLE THE IMPROVEMENT OF BASIC ECONOMIC CONDITIONS, SUCH
AS THE CURBING OF THE INFLATION, THE TAKING OF EFFECTIVE
ENERGY MEASURES, AND MORE POSITIVE EFFORTS FOR EXPORTS. WE
ALSO THINK THAT IT IS NECESSARY FOR OTHER COUNTRIES, TOO,
TO CARRY OUT PROPER OPERATION OF POLICIES FOR THE IMPROVE-
MENT OF THE BASIC CONDITIONS, IN KEEPING WITH THE CIRCUM-
STANCES IN THE RESPECTIVE COUNTRIES.

- AT THE SAME TIME, IT IS ALSO IMPORTANT FOR THE
VARIOUS NATIONS TO MAINTAIN CLOSE CO-OPERATIVE RELA-
TIONS, BETWEEN THE MONETARY AUTHORITIES CONCERNED,
AND THROUGH PROPER INTERNATIONAL ARENAS, IN ORDER TO
COPE WITH THE DISORDERLY STATE OF THE MARKET AND IN
ORDER TO STABILIZE CURRENCIES.

PRESENT STATE AND RESPONSES OF OUR COUNTRY

- OUR COUNTRY IS ALSO MAKING EFFORTS FOR THE IMPROVE-
MENT OF ITS BASIC ECONOMIC CONDITIONS, SUCH AS THE
EXPANSION OF DOMESTIC DEMAND, FOR THE STABILIZATION
OF THE CURRENCY. HOWEVER, IT WILL TAKE TIME FOR THE
EFFECTS TO APPEAR. DURING THIS TIME, WE THINK THAT

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 TOKYO 12825 03 OF 05 140934Z
ACTION EA-12

INFO OCT-01 EUR-12 IO-14 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 L-03 H-02 PA-02 ACDA-12 NRC-07
OES-09 SOE-02 DODE-00 DOE-15 CEQ-01 INT-05 OIC-02
/189 W

-----016090 140958Z /23

P 140859Z JUL 78

FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 9620
INFO AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS
USMISSION GENEVA

UNCLAS SECTION 03 OF 05 TOKYO 12825

OUR COUNTRY'S EXPORTS IN THE CURRENT FISCAL YEAR, WILL NOT INCREASE BEYOND THE VOLUME OF THE PRECEDING FISCAL YEAR, QUANTITATIVELY SPEAKING, WHILE IMPORTS ARE EXPECTED TO INCREASE IN QUANTITY, COMPARED WITH THE PRECEDING FISCAL YEAR. DESPITE THIS FACT, DUE TO THE TEMPORARY EFFECTS OF THE UPWARD REVALUATION OF THE YEN, SINCE LAST YEAR, THE AMOUNT OF SURPLUS HAS INCREASED.

- IT IS FAR FROM EASY TO CHANGE THIS SITUATION IN A SHORT PERIOD OF TIME. THE GOVERNMENT WISHES TO CONTINUE UTMOST EFFORTS IN THE FUTURE, TOO, FOR THE RETRENCHMENT OF THE SURPLUS BALANCE IN ITS CURRENT ACCOUNT. WHAT WE ARE ANXIOUS ABOUT IS THE EXCHANGE RATE'S SHOWING FURTHER SHARP CHANGES, EVEN WHILE WE ARE MAKING THESE EFFORTS. IF THE YEN RATE WERE TO MOVE IN SUCH A WAY, THE REDUCING OF JAPAN'S SURPLUS BALANCE WILL BECOME STILL MORE DIFFICULT.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 12825 03 OF 05 140934Z

- OUR COUNTRY THINKS THAT THE EXCHANGE RATE SHOULD BE DETERMINED BY DEMAND AND SUPPLY ON THE MARKET, IN PRINCIPLE. HOWEVER, WE ALSO THINK, AT THE SAME TIME, THAT TOWARD A DISORDERLY STATE OF THE MARKET, WE SHOULD TAKE A SEVERE ATTITUDE, IN ORDER TO PREVENT AND SUPPRESS SUCH DISORDER. BASICALLY, WE DESIRE THE ESTABLISHMENT OF A MORE STABLE SYSTEM THAN THE PRESENT SYSTEM, AS QUICKLY AS POSSIBLE. FOR THIS PURPOSE, IT IS NECESSARY TO DE-LIQUIDITY-IZE THE SO-CALLED OVER-HANG OF THE U.S. DOLLAR (EXCESS DOLLAR). WE DESIRE FURTHER STUDIES ON THIS PROBLEM.

- ENERGY

WAY OF RESPONSES OF THE ADVANCED NATIONS

- IMPORTANCE OF AMERICA'S ENERGY POLICY: THE PROBLEM OF THE SHARP INCREASE IN AMERICA'S OIL IMPORTS IN RECENT YEARS HAS BEEN CASUING US ANXIETY, FROM THE VIEWPOINT OF THE EFFECTS IT HAS ON THE WORLD ENERGY SITUATION. I WISH TO POINT OUT, HOWEVER, THAT THIS HAS COME TO HAVE STILL BROADER DIMENSIONS, GOING BEYOND THE ENERGY PROBLEM

ALONE, SUCH AS THE EFFECTS ON THE CURRENCY AND TRADE PROBLEMS, ETC. IN THIS MEANING, THE ENERGY BILL PRESENTED BY PRESIDENT CARTER IS EXTREMELY IMPORTANT. WE HOPE THAT EFFECTIVE ENERGY MEASURES, STARTING WITH THE EARLY PASSAGE OF THIS ENERGY BILL, WILL BE ESTABLISHED AND CARRIED OUT AT AN EARLY DATE.

- PROBLEM OF PEACEFUL USE OF NUCLEAR ENERGY: FOR OUR COUNTRY, WHICH HAS FEW RESOURCES, THE PROMOTION OF THE PEACEFUL UTILIZATION OF NUCLEAR ENERGY, AS AN ALTERNATIVE ENERGY TO OIL, TO THE MAXIMUM EXTENT, IS INDISPENSABLE FOR THE SECURING OF LONG-TERM, STABLE SUPPLY OF ENERGY.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 12825 03 OF 05 140934Z

FROM THE STANDPOINT OF REALIZING THE CO-EXISTENCE OF THE PEACEFUL USE OF NUCLEAR ENERGY AND THE PREVENTION OF NUCLEAR PROLIFERATION, OUR COUNTRY HAS BEEN PARTICIPATING IN THE INTERNATIONAL NUCLEAR FUEL CYCLE EVALUATION, WHICH WAS STARTED WITH THE LONDON SUMMIT CONFERENCE AS THE OCCASION, IN A POSITIVE WAY.

- HOWEVER, PROPER CONSIDERATION MUST BE GIVEN TO THE SPECIAL CIRCUMSTANCES IN THE RESPECTIVE NATIONS. FOR OUR COUNTRY, WHICH IS LACKING IN URANIUM RESOURCES, THE ESTABLISHMENT OF A NUCLEAR FUEL CYCLE, SUCH AS THE RE-PROCESSING OF USED NUCLEAR FUEL AND THE UTILIZATION OF PLUTONIUM, IS INDISPENSABLE.
ENERGY PROBLEM OF THE DEVELOPING NATIONS.

- THE AMOUNT OF ENERGY CONSUMPTION BY THE DEVELOPING NATIONS WILL INEVITABLY INCREASE VERY SHARPLY IN THE FUTURE.

- THE EXPANSION OF THE PIE OF THE WORLD'S ENERGY SUPPLY, AS A WHOLE, IS ALSO EXTREMELY MEANINGFUL FOR THE ADVANCED NATIONS. COOPERATION SHOULD CONTINUE TO BE GIVEN, THROUGH THE WORLD BANK, ETC., FOR THE PROMOTION OF THE DEVELOPMENT OF ENERGY SOURCES IN THE DEVELOPING NATIONS.

OUR COUNTRY'S BASIC POSITION.

- MEASURES FOR RESEARCH ON AND DEVELOPMENT OF ENERGY: OUR COUNTRY'S ENERGY RESEARCH AND DEVELOPMENT ACTIVITIES, AS A LONG-TERM ENERGY MEASURE, ARE COMING TO BE VIEWED WITH MORE AND MORE IMPORTANCE. OUR COUNTRY IS PUSHING RESEARCH AND DEVELOPMENT VIGOROUSLY IN REGARD TO NUCLEAR FUSION, SOLAR ENERGY, GEO-THERMAL ENERGY AND LIQUEFACTION AND GASIFICATION OF COAL. WE ALSO INTEND TO INCREASE RESEARCH AND DEVELOPMENT CONCERNING ENERGY-ECONOMIZATION TECHNOLOGY.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 TOKYO 12825 04 OF 05 140944Z
ACTION EA-12

INFO OCT-01 EUR-12 IO-14 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 H-02 L-03 PA-02 ACDA-12 NRC-07
OES-09 SOE-02 DODE-00 DOE-15 CEQ-01 INT-05 OIC-02
/189 W

-----016283 140959Z /23

P 140859Z JUL 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 9621
INFO AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS
USMISSION GENEVA

UNCLAS SECTION 04 OF 05 TOKYO 12825

IN REGARD TO RESEARCH AND DEVELOPMENT, THERE IS MUCH ROOM
FOR INTERNATIONAL COOPERATION. OUR COUNTRY ALSO WISHES TO
PROMOTE MULTI-LATERAL COOPERATION THROUGH THE INTERNATIONAL
ENERGY AGENCY, ETC., AND BILATERAL COOPERATION, IN A POSI-
TIVE WAY.

- TRADE RELATIONS.

MAINTENANCE OF FREE TRADE STRUCTURE AND PREVENTION AND SUP-
PRESSION OF PROTECTIONISM.

- I THINK IT WILL BE MEANINGFUL, AND ALSO NECESSARY, TO
RECONFIRM, AT THE SUMMIT CONFERENCE THIS TIME, TOO, THE
DETERMINATION TO MAINTAIN AND STRENGTHEN THE FREE TRADE
STRUCTURE, AND NOT TO RESORT TO PROTECTIONIST MEASURES IN
SETTLING THE PRESENT ECONOMIC DIFFICULTIES. IN THIS MEAN-
ING, OUR COUNTRY APPRECIATES THE FACT THAT "THE MULTI-
LATERAL TRADE NEGOTIATIONS (TOKYO ROUND) HAVE COME TO A
VIRTUAL CONCLUSION, THIS TIME" AND THAT THE OECD'S TRADE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 12825 04 OF 05 140944Z

PLEDGE NOT TO RESORT TO TRADE-RESTRICTION MEASURES HAS

BEEN RENEWED. FROM NOW ON, THE IMPORTANT THING IS "THE EARLY IMPLEMENTATION OF THE CONTENTS OF THE CONCLUSIONS OF THE MULTILATERAL TRADE NEGOTIATIONS" AND THE SINCERE OBSERVANCE OF THE TRADE PLEDGE.

- FROM THE STANDPOINT OF COOPERATING IN THE LONG-TERM AND STABLE DEVELOPMENT OF WORLD TRADE, OUR COUNTRY IS ENDEAVORING FOR THE EXPANSION OF IMPORTS THROUGH BUSINESS RECOVERY BY THE EXPANSION OF DOMESTIC DEMAND. IT IS ALSO MAKING EFFORTS FOR THE PROMOTION OF IMPORTS AND FOR THE FURTHER OPENING OF OUR COUNTRY'S MARKET, THROUGH THE LOWERING OF TARIFFS IN ADVANCE, THE PARTIAL LIBERALIZATION OF THE REMAINING IMPORT RESTRICTIONS, AND THE CARRYING OUT OF MEASURES FOR THE LIBERALIZATION AND SIMPLIFICATION OF THE EXCHANGE CONTROL SYSTEM.

MULTILATERAL TRADE NEGOTIATIONS.

- THE VIRTUAL CONCLUSION OF THE MULTILATERAL TRADE NEGOTIATIONS WILL REMAIN AS VALUABLE HISTORY THAT, EVEN IN THIS AGE OF THE MOST SERIOUS ECONOMIC DIFFICULTIES SINCE THE END OF THE WAR, VARIOUS NATIONS ULTIMATELY REJECTED PROTECTIONISM AND CHOSE EXPANDED-BALANCE SETTLEMENT, BASED ON INTERNATIONAL COOPERATION. THERE STILL REMAIN DIFFICULT NEGOTIATIONS BEFORE THE NEGOTIATIONS CAN BE COMPLETELY CONCLUDED. HOWEVER, I WANT THE NEGOTIATIONS TO BE COMPLETED BEFORE THE END OF THE YEAR. FOR THIS PURPOSE, IT IS NECESSARY TO CONTINUE EFFORTS IN THE SAME WAY AS IN THE PAST. FURTHERMORE, I WISH TO CONFIRM THE FOLLOWING POINTS AT THIS TIME:

- FIRST, THE AGREEMENT REACHED AMONG US, UP UNTIL NOW, MUST BE EXPANDED QUICKLY TO OTHER NATIONS PARTICIPATING IN UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 12825 04 OF 05 140944Z

NEGOTIATIONS. SECONDLY, IT IS MOST IMPORTANT TO PUT THE AGREEMENT INTO PRACTICE, AFTER THE NEGOTIATIONS END. WE BEAR THE RESPONSIBILITY TO MAKE UTMOST EFFORTS IN ORDER TO OBTAIN THE EARLY APPROVAL OF THE NATIONAL ASSEMBLIES, IN REGARD TO THE MULTILATERAL TRADE NEGOTIATIONS.

- LASTLY, I WISH TO POINT OUT THAT IT IS IMPORTANT TO INCORPORATE THE DEVELOPING NATIONS, WHICH WILL BE GIVEN GREATER OPPORTUNITIES FOR THE EXPANSION OF TRADE, THROUGH THE MULTILATERAL TRADE NEGOTIATIONS, INTO WORLD TRADE, AS OUR EQUAL PARTNERS, IN ACCORDANCE WITH THE STAGE OF THEIR DEVELOPMENT. PROBLEM OF ADJUSTMENT TO THE STRUCTURAL CHANGES IN THE WORLD ECONOMY.

- THERE ARE APPEARING STRUCTURAL CHANGES IN THE WORLD

ECONOMY, SUCH AS LOW GROWTH, THE HIGH PRICE OF ENERGY, AND PURSUIT BY SEMI-ADVANCED NATIONS IN SOME SECTORS (TEXTILES, HOUSEHOLD ELECTRIC APPLIANCES, SHIPBUILDING, ETC.) IN THE MIDST OF THIS SITUATION, THERE WILL APPEAR AN INCREASE IN PROTECTIONIST MEASURES AMONG THE ADVANCED NATIONS, SUCH AS THE INTRODUCTION OF GOVERNMENTAL ASSISTANCE MEASURES, AIMED AT THE MAINTENANCE OF EMPLOYMENT, FOR THE TIME BEING, TOWARD THE SECTORS AND ENTERPRISES WHICH HAVE FALLEN INTO DIFFICULTIES.

- HOWEVER, THIS IS NOT DESIRABLE, FROM THE STANDPOINT OF THE DEVELOPMENT OF FREE ECONOMY AND FOR THE OPEN TRADE STRUCTURE, FOR THE FOLLOWING REASONS:

(1) IT WILL HAMPER A SHIFT, AND THE UPGRADING OF THE INDUSTRIAL STRUCTURE, AND IT WILL OBSTRUCT THE FREE ECONOMY'S DYNAMISM.

(2) THERE IS THE DANGER OF ITS EXERTING THE SAME EFFECTS

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 TOKYO 12825 05 OF 05 140949Z
ACTION EA-12

INFO OCT-01 EUR-12 IO-14 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 H-02 L-03 PA-02 ACDA-12 NRC-07
OES-09 SOE-02 DODE-00 DOE-15 CEQ-01 INT-05 OIC-02
/189 W

-----016340 140957Z /23

P 140859Z JUL 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 9622
INFO AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS
USMISSION GENEVA

UNCLAS SECTION 05 OF 05 TOKYO 12825

AS PROTECTIONIST MEASURES IN THE FIELD OF TRADE.

- NORTH-SOUTH PROBLEM.

UNDERSTANDING OF THE PRESENT STATE OF THE NORTH-SOUTH PROBLEM, AND THE RESPONSES OF THE ADVANCED NATIONS.

- BASIC RECOGNITION: UNDER THE SITUATION WHERE THE WORLD ECONOMY HAS FALLEN INTO CONFUSION AND WHERE THE DEVELOPING NATIONS ARE ESPECIALLY BEING AFFECTED BY THIS STRONGLY, IT IS CONSIDERED THAT THE NEED TO STRENGTHEN POSITIVE INTERNATIONAL COOPERATION EFFORTS FOR THE OVERCOMING OF THE ECONOMIC DIFFICULTIES OF THE DEVELOPING NATIONS AND FOR THE PROMOTION OF THEIR ECONOMIC AND SOCIAL DEVELOPMENT HAS FURTHER INCREASED. ALSO, THE PROMOTION OF SUCH INTERNATIONAL COOPERATION UNDER THE PRESENT SITUATION WHERE THE INTER-DEPENDENT NATURE OF THE WORLD ECONOMY HAS DEEPEINED, WILL ALSO BE HELPFUL NOT ONLY FOR THE DEVELOPING NATIONS ALONE, BUT ALSO FOR THE STABLE GROWTH OF THE

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 12825 05 OF 05 140949Z

ECONOMIES OF THE ADVANCED NATIONS.

PRIMARY PRODUCTS PROBLEM.

- THE PROBLEM OF PRIMARY PRODUCTS, ESPECIALLY THE PROBLEM OF A COMMON FUND, HAS BECOME AN IMPORTANT POLITICAL PROBLEM. IN ORDER TO ACHIEVE A BREAKTHROUGH, IT IS NECESSARY FOR THE MAIN ADVANCED NATIONS TO COOPERATE WITH EACH OTHER AND TO TAKE A REALISTIC POSTURE TOWARD THIS PROBLEM.

- THE ESTABLISHMENT OF A COMMON FUND HAS BECOME A MATTER OF GREAT CONCERN FOR THE ASEAN NATIONS, WHICH ARE MAIN PRIMARY PRODUCTS EXPORTER-NATIONS. OUR COUNTRY IS SHOWING UNDERSTANDING FOR THE EARLY ESTABLISHMENT OF A COMMON FUND, PARTLY DUE TO THE FACT THAT THE NEXT UNCTAD MEETING WILL BE HELD IN MANILA, AND ALSO PARTLY DUE TO THE CLOSE RELATIONSHIP BETWEEN OUR COUNTRY AND THE ASEAN NATIONS. OUR COUNTRY INTENDS TO MAKE UTMOST EFFORTS AT THE RESUMED NEGOTIATION CONFERENCE SO THAT AN AGREEMENT ON A COMMON FUND, WHICH WILL FUNCTION EFFECTIVELY FOR THE STABILIZATION OF THE PRICES OF PRIMARY PRODUCTS, AND WHICH WILL ENSURE THE INTERESTS OF BOTH THE PRODUCER-NATIONS AND THE CONSUMER-NATIONS IN A FAIR AND JUST MANNER, WILL BE REACHED.

AID.

- OUR COUNTRY UNDERSTANDS FULLY WELL THE ROLE WHICH THE FLOW OF DEVELOPMENT FUNDS, INCLUDING OFFICIAL DEVELOPMENT ASSISTANCE, TO THE DEVELOPING NATIONS WILL FULFILL IN THE SETTLEMENT OF THE NORTH-SOUTH PROBLEM. OUR COUNTRY WILL DOUBLE ITS ODA IN THREE YEARS, AND WILL ALSO MAKE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 12825 05 OF 05 140949Z

STRENUOUS EFFORTS, AIMING AT THE INTERNATIONAL TARGET OF
RAISING THE GRANT ELEMENT TO 86 PCT, IN POINT OF QUALITY
OF AID, TOO. OUR COUNTRY HAS ALSO EXPRESSED THE BASIC
POLICY OF HEADING TOWARD GENERALLY UNTYING ITS FUND
COOPERATION. AT THE PRESENT TIME, IT IS CARRYING OUT
GENERAL UNTYING, IN A POSITIVE WAY. OUR COUNTRY ALSO
APPRECIATES HIGHLY THE ROLE BEING FULFILLED BY INTERNA-
TIONAL ORGANS IN THE ECONOMIC DEVELOPMENT OF THE DEVELOPING
NATIONS. OUR COUNTRY INTENDS TO PROMOTE COOPERATION
THROUGH THESE ORGANS, IN A POSITIVE WAY, IN THE FUTURE,
TOO.
MANSFIELD

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, ECONOMIC COOPERATION, TRADE, SPEECHES, SUMMIT MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO12825
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780288-1057
Format: TEL
From: TOKYO USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780758/aaaabwlv.tel
Line Count: 618
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b3dc0773-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 12
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1999813
Secure: OPEN
Status: NATIVE
Subject: PROBABLY TEXT OF FUKUDA BONN STATEMENT
TAGS: EGEN, ETRD, JA
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/b3dc0773-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014